

CPP ANNUAL USE OF CAPITAL SURVEY - 2011



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

PrivateBancorp, Inc.; The PrivateBank and Trust Company

Point of Contact:	Michael Janssen	RSSD: (For Bank Holding Companies)	1839319
UST Sequence Number:	332	Docket Number: (For Thrift Holding Companies)	
CPP/CDCI Funds Received:	243,815,000	FDIC Certificate Number: (For Depository Institutions)	33306
CPP/CDCI Funds Repaid to Date:		Credit Union Charter Number: (For Credit Unions)	
Date Funded (first funding):	January 30, 2009	City:	Chicago
Date Repaid ¹ :	N/A	State:	Illinois

¹If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP) and Community Development Capital Initiative (CDCI). To answer that question, Treasury is seeking responses that describe generally how the CPP/CDCI investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP/CDCI investment was deployed or how many CPP/CDCI dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

What specific ways did your institution utilize CPP/CDCI capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP/CDCI funds were outstanding).

☒ **Increase lending or reduce lending less than otherwise would have occurred.**

The Company's participation in CPP allowed for continued lending in 2011, upholding a commitment to supporting credit-worthy companies during a challenging economic period. Although loan balances declined modestly in 2011 (less than 2%), we continued to pursue new client relationships.

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☒ **To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).**

The Company's capital position afforded it the opportunity to reshape its loan portfolio in 2011, as reflected in increases in commercial-related loan balances. Efforts to expand relationships were also successful as loans made to new customers totaled more than \$1.4 billion.

☒ **Increase securities purchased (ABS, MBS, etc.).**

The Company's securities portfolio increased by \$412 million during 2011, including an increase of \$337 million, or 20%, in CMOs and mortgage-backed securities.

☐ **Make other investments.**

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☐ Increase reserves for non-performing assets.

☐ Reduce borrowings.

☒ Increase charge-offs.

Charge-offs in 2011 remain well above historical levels (although down from 2010) and reflect the Company's continuing efforts to aggressively deal with problem assets through initiatives that are supported by our capital levels.

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☐ Purchase another financial institution or purchase assets from another financial institution.

☐ Held as non-leveraged increase to total capital.

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What actions were you able to avoid because of the capital infusion of CPP/CDCI funds?

In the absence of participating in the CPP program, the Company would likely have had to curtail its lending activities during 2011 (similar to our prior year assessment that lending in 2009 and 2010 would have been restricted in the absence of CPP capital) in order to maintain sufficient capital levels in the face of credit challenges and a difficult economic environment. In addition, our continuing efforts to reshape our loan portfolio to be more concentrated in commercial and industrial loans would also likely have been restricted as our lower capital levels would not have afforded us the opportunity to pursue new commercial customer relationships to the same degree.

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What actions were you able to take that you may not have taken without the capital infusion of CPP/CDCI funds?

Our CPP participation provided supplemental capital that we continued to use during 2011 to execute our business strategy. We leveraged this capital, along with capital generated from earnings, in providing new and renewal loans to middle-market companies as well as business owners, executives, entrepreneurs and families. As noted above, expansion of commercial-related lending was considerable during 2011 and we continued to develop a community banking division following a 2009 failed bank acquisition from the FDIC, which was enabled by CPP and other capital raised in 2009. Although outstanding loan balances were down slightly during 2011, the balance of unfunded commitments rose from \$3.9 billion to \$4.1 billion. Our CPP participation provided us with the capital flexibility to maintain this high level of unfunded commitments to extend credit, assisting clients in managing their business and potential growth. CPP capital was used in 2011 to absorb credit losses and aggressively deal with problem assets through loan sales and other means. This allowed us to remain focused on developing new client relationships and cultivating and expanding existing relationships. This was accomplished while maintaining capital levels above regulatory requirements in the face of a challenging economic environment. At December 31, 2011, PrivateBancorp's Tier 1 risk-based, total risk-based and Tier 1 leverage capital ratios were 12.38%, 14.28% and 11.33%, respectively, modestly higher than at December 31, 2010. CPP capital allowed the Bank to serve its communities as a key partner in community development lending opportunities, financial education initiatives and community service-oriented projects. In 2011, the Company provided more than \$450 million in qualified community development credit in key Community Reinvestment Act (CRA) target areas: affordable housing, community development services, economic development and revitalization. The Company also provided almost \$650,000 in CRA-qualified charitable contributions during 2011.

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Please describe any other actions that you were able to undertake with the capital infusion of CPP/CDCI funds.